STAT \_\_\_ Declassified in Part - Sanitized Copy Approved for Release 2012/05/03 : CIA-RDP90-00965R000605740012-0 19 August 1985

U.S. reveals secret proble of long lost uranium By LORI SANTOS Washington

TILE UNLY

In March 1980, an eyewitness told the FBI how large amounts of weapons-grade uranium missing from a U.S. nuclear plant may have been given to Israel 15 years earlier.

That led federal agents to reopen an investigation they had closed three times before, newly declassified documents show.

The account, included in thousands of pages of documents released under the Freedom of Information Act, forced the FBI to reactivate project 'Divert,' the code name for the probe of the alleged diversion of hundreds of pounds of enriched uranium from a small processing plant in Apollo, Pa.

It was yet another chapter in the longstanding investigation — closed three times before for lack of evidence. The probe was first launched in 1966 when the government concluded that 206 pounds of the material vanished from the plant without a trace.

The documents show that the FBI, the CIA and the defunct Atomic Energy Commission spent 15 years and untold dollars and manhours trying to discover what happened to the uranium.

The agencies pursued allegations that the uranium was somehow diverted to Israel by Zalman Shapiro, a Jewish scientist who headed the Nuclear Materials and Equipment Corp., the processing plant in Apollo.

Today, government records show 342 kilograms of highly enriched uranium, or 752 pounds — enough to make almost 38 Hiroshima-sized atomic bombs — were lost during the plant's 20 years of operation and remain unaccounted for.

During the period Shapiro headed the company, 267 kilograms, or 587 pounds, turned up missing.

But Shapiro, who was also a half owner with the Israeli government of Isorad, a company based in Israel that made nuclear equipment, denied in an interview with United Press International that he diverted any uranium to Israel.

He maintained that ''essentially all'' the missing material was found when the plant was decommissioned in 1978. He also said such losses were not

unusual.

An NRC spokesman said only half of what was lost during Shapiro's reign alone, 131 kilograms, has turned up so far, although the plant still is being decommissioned.

An Energy Department official said, ''Everyone thinks it was diverted and diverted by Shapiro,'' but it has never been proven. The department investigation still is officially open, although there is no activity, the official said.

Continued